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MASSACHUSETTS TEACHERS' RETIREMENT SYSTEM

Your MTRS Benefits

Seminar and reference guide

JULY 2010

ABC

MTRS
MASSACHUSETTS TEACHERS'
RETIREMENT SYSTEM

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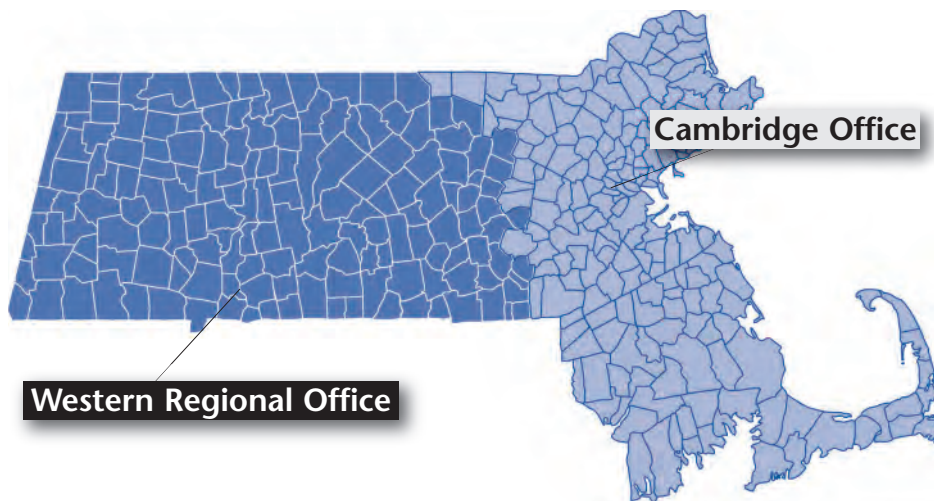
Joan Schloss

Deputy Executive Director

Erika M. Glaster

Contacting us...

The MTRS operates two offices; depending on where you are employed, you should contact the office in Cambridge or in Springfield.



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When writing to us...

Be sure to include your name, member number (if known) and **only the last four digits of your Social Security number—not your entire SSN**—on your correspondence.

Visit us on the web at mass.gov/mtrs!

Stay up to date on retirement issues—access the latest information on:

- Legislative activities that affect your retirement benefits
- MTRS programs and services
- MTRS publications and regulations

Or send your e-mail to us at: geninfo@trb.state.ma.us

*Receive periodic e-mail updates from us—
Register online to receive MTRS M@il—it's easy!*



Your MTRS Benefits

Seminar and reference guide

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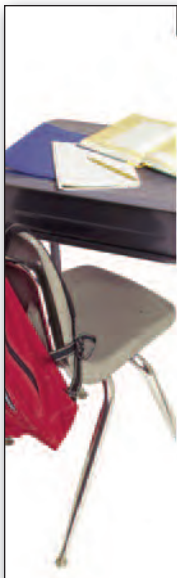
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The MTRS staff has developed this presentation to remind and inform you of your retirement benefit options, to give you the information you need to estimate your actual retirement allowance and to point out other issues you will need to consider in retirement.

This booklet, written by the staff of the MTRS, was prepared exclusively for use by members of the Massachusetts Teachers’ Retirement System in conjunction with the seminar entitled *Your MTRS Benefits*. It is not intended as a substitute for the Massachusetts General Laws nor will its interpretation prevail should a conflict arise between the contents of this booklet and M.G.L. c. 32. Finally, rules governing retirement are subject to change periodically either by statute of the Massachusetts Legislature or by regulation of the Teachers’ Retirement Board.



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Overview

- Part 1 Meet the MTRS**
A quick introduction to our system, what we do and resources for members
- Part 2 Your membership and benefits**
About your contributions, annuity savings account and your MTRS benefits
- Part 3 Retirement basics**
The eligibility criteria, creditable service, the three options and the retirement formula
- Part 4 Other retirement issues**
Things to consider both before and after you retire

Q&A




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An important—and timely—note about the MTRS plan and your benefits

Pension reform: What's happening?

- In 2008, the Legislature established a Special Commission to study Massachusetts retirement systems; Commission submitted final “proposals” to Governor and Legislature in October 2009
- In January 2010, Governor filed pension reform bill (H4440); first public hearing held March 15, 2010
- Provisions include changes to benefit calculation formula, member contribution rate, and plan funding schedule; some would apply to current members, others, just new members
- Any additional reforms will require legislative approval; watch our website for updates

- In July 2009—in what is now referred to as the first phase of pension reform, or “Pension Reform I”—the Legislature implemented numerous changes to the retirement laws. At this time, additional changes are being considered in what is now known as “Pension Reform II.”
- For the text of the Governor’s bill, visit <http://www.mass.gov/gov> > Legislation & Executive Orders > Legislation > Providing for the Modernization and Sustainability of the Pension System.
- To follow the bill’s progress through the legislative process, go to <http://www.mass.gov/legis/186history/h04440.htm>.
- The MTRS was formed on July 1, 1914.
- **Take note:** Because the MTRS is a defined benefit plan, fluctuations in the financial markets do **not** affect the formula or the amount of your benefits. The pension fund is managed by the Pension Reserves Investment Management (PRIM) Board, and is invested in a well diversified portfolio, with a focus on long-term returns. For information on the pension fund’s investment allocation and performance history, see our website.
- The current MTRS Board members are:
 - ☐ Jeff Wulfson, Chairman, Designee of Commissioner of Elementary and Secondary Education
 - ☐ Timothy P. Cahill, State Treasurer
 - ☐ A. Joseph DeNucci, State Auditor
 - ☐ John A. M. Dow, Jr., elected member
 - ☐ Karen A. Mitchell, elected member
 - ☐ Linda M. Ruberto, Board appointee
 - ☐ Ellen T. Hargraves, Governor’s appointee
 For brief biographical sketches of our Board members, see mass.gov/mtrs/4about/4board.htm.



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Part 1: Meet the MTRS

What is the MTRS?

- **The plan**
 - Formed under M.G.L. Chapter 32
 - Operates as a **defined benefit** plan under Section 401(a) of the Internal Revenue Code
 - Benefits based on age, service and salary
 - Retirement benefit guaranteed for life
 - Governed by seven-member, unpaid Board
 - Two offices, in Cambridge and Springfield; approximately 80 staff members

Part 1: Meet the MTRS 6

What is the MTRS?

- **Membership**
 - Massachusetts public elementary and secondary, charter, and collaborative school teachers and administrators
 - All eligible employees are required to enroll with the MTRS and make mandatory contributions
 - The **largest** of the 106 Massachusetts contributory retirement systems...

| | |
|-------------------------|----------------|
| Active members | 89,000 |
| Inactive members | 12,000 |
| Retirees and survivors | 52,000 |
| Total membership | 153,000 |

Part 1: Meet the MTRS 7

What do we do for you?

- **When you join...**
 - Establish your MTRS annuity savings account
- **Throughout your career...**
 - Maintain your MTRS annuity savings account
 - Process your service purchases, if any
 - Keep you informed of retirement issues via seminars, newsletters
- **If you leave active service prior to your retirement...**
 - Refund your account upon request
 - If you die, process a benefit to your survivor
- **During your retirement...**
 - Pay you a monthly retirement allowance
 - Pay a benefit to your survivor, if applicable

Part 1: Meet the MTRS 8

Resources for members

Online at mass.gov/mtrs

- Home > Members > Active members
- Downloadable forms
 - Service purchase applications
 - Beneficiary designation form
 - Retirement and refund applications
- Retirement benefit estimator
- Info on plan benefits, pending legislation, regulations, useful links—and more!
- **MTRS M@il:** Register to receive periodic updates via e-mail—it's easy!

- The MTRS and you, our members, have mutual responsibilities. Throughout your career, please be sure to contact us if you:
 - ☐ are injured while performing the duties of your job (if you file an accident report with your school district, please request that a representative send a copy of that report to us, so that it is on file with us in the event that you apply for a disability retirement allowance);
 - ☐ change your name or Social Security number;
 - ☐ want to change your beneficiary designation;
 - ☐ get divorced; or,
 - ☐ have any questions about your retirement plan.
- We provide educational seminars throughout the year for members of all ages and career stages:

| Career stage | Program |
|----------------------------|---|
| All ages | Your MTRS Benefits <ul style="list-style-type: none"> ■ General overview for all members ■ Various locations during the spring |
| 5–15 years from retirement | The Next Chapter <ul style="list-style-type: none"> ■ All-day retirement planning program ■ One location during the spring |
| One year from retirement | Ready for Retirement <ul style="list-style-type: none"> ■ Two-hour, after-school program ■ Nuts-and-bolts of the retirement process ■ Various locations during the fall |
| Retired | Retirement U <ul style="list-style-type: none"> ■ Featured speakers on various topics ■ Two locations each year |

- **If you have not yet registered to receive MTRS M@il, please be sure to sign up soon to ensure that you don't miss our program announcements and updates.** This is especially important because, in an effort to reduce costs, we are no longer mailing printed copies of our newsletter to our active members.

Part 2: Your membership and benefits 10

All members contribute a percentage of earnings...

- Your rate is determined by the date on which you established membership rights in the public retirement system

| MA retirement system start date | Rate |
|---------------------------------------|------|
| Prior to 1/1/75 | 5% |
| Between 1/1/75 and 12/31/83 | 7% * |
| Between 1/1/84 and 6/30/96 | 8% * |
| Between 7/1/96 and 6/30/01 | 9% * |
| On or after 7/1/2001 (RetirementPlus) | 11% |

* Additional 2% on earnings over \$30,000 may apply

Reminder: Next time you get your pay stub, check your contribution rate.



Divide the amount of your retirement withholding by your gross income, and then refer to the chart above. If your contribution rate is not correct, confirm your calculation with your payroll office and then contact the MTRS.

Note: If the 2% contribution also applies, make sure it is included.

- The 2% contribution applies only if your enrollment date is on or after January 1, 1979. The 2% contribution does **NOT** apply to RetirementPlus participants.
- The 2% contribution on your salary over \$30,000 is *in addition to your regular contribution*. For example, if your enrollment date is January 2, 1979 and your salary is \$35,000, your total contribution would be 7% of \$35,000 *plus* 2% of \$5,000.
- New members as of July 1, 2001** are required to participate in RetirementPlus.
- New members** transferring to the MTRS from other MA public retirement systems will have 180 days during which to make an affirmative RetirementPlus election.
- If you leave service and take a refund, you forfeit all membership rights. If you later return to teaching in the Massachusetts public schools, you will be treated as a new member, subject to all new rates, laws and regulations.
- As an active, contributing member, you do not have access to the funds in your annuity savings account. In other words, you are not eligible to withdraw any portion of your annuity savings account, nor may you borrow money from that account or assign the funds to someone else. Additionally, your account may not be garnished or attached by a lien except by the IRS, Massachusetts Department of Revenue or, in the event of divorce, pursuant to a Domestic Relations Order.

Part 2: Your membership and benefits 11

You contribute on your regular compensation...

Includes...

- Annual base salary per collective bargaining agreement (CBA) or individual contract
- Annual payments for additional services pursuant to a CBA
- Coaching

Excludes...

- Amounts paid due to employer's knowledge of retirement
- Sick leave buy-back
- Hourly payments
- Temporary salary augmentations
- Fringe benefits*

* Except as allowed for under the Pension Reform Act

- For more detailed information on what qualifies as "regular compensation," see our website at mass.gov/mtrs.
- Temporary salary augmentations:** Pursuant to Public Employee Retirement Administration Commission (PERAC) regulation 840 CMR 15.03, regular compensation excludes extraordinary, ad hoc, nonrecurring salary enhancements, such as enhanced longevity buy-out provisions (ELBOs).

Part 2: Your membership and benefits

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Regular compensation and the Pension Reform Act

Chapter 21 of the Acts of 2009, effective July 1, 2009



- Changed the definition of **regular compensation** to exclude housing allowances, annuities, and individual life and disability insurance premiums, auto/travel allowances)
- Mandated the **direct deposit** of pension benefits for new retirees
- Changed the retirement calculation method for **"dual members"**

- The provisions of the "Pension Reform Act," also known as "Pension Reform I," became effective July 1, 2009.
- **Dual members:** Regarding the calculation of retirement allowances for members of more than one Massachusetts public retirement system ("dual members"), the Act:
 - Eliminated the combination of two salaries into one retirement allowance
 - Provided for a separate retirement from each system, based on service and salary earned while in that system
 - Exempted members who do not have service in two systems, simultaneously, after 1/1/2010; and, members who have such service, but are vested in both systems as of that date
- **Uncompensated or nominally-compensated service:** The Act eliminated the purchase of credit for service in certain uncompensated or nominally-compensated (less than \$5,000/year) positions, even if that service was rendered before July 1, 2009. Please note:
 - Specifically, the positions for which service can no longer be purchased are: selectman, city councillor or alderman, school committee member, moderator and library trustee.
 - Service in these positions that was purchased prior to July 1, 2009 will count as creditable service.
 - Service rendered after July 1, 2009 and compensated with less than \$5,000/year will not qualify as creditable service.
- LDA provisions in contracts whose terms automatically roll over without any new agreement or action by any party may be grandfathered through June 30, 2012.

Part 2: Your membership and benefits

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Regular compensation and the Pension Reform Act



- Housing allowances, individual **Life** and **Disability** insurance premiums and **Annuities** ("LDAs") are no longer regular compensation
- LDA provisions that were in a contract in effect on May 1, 2009 will be "grandfathered" as regular compensation until the expiration of the term of *that* contract, or June 30, 2012, whichever occurs first
- Parties cannot extend the "grandfather" period by amending the term of the contract in effect on May 1, 2009 to go beyond its original expiration date

- **Note:** The Commonwealth's FY2011 budget, which was signed into law on June 30, 2010, included several retirement-related provisions, including one regarding regular compensation that will apply to new members of the system as of January 1, 2011. For more information on these new provisions, please watch our website for updates.

Regular compensation "grandfathering"


Example: Ann Administrator's contract in effect on May 1, 2009 includes life and disability insurance, as well as an annuity. This contract covers the term 7/1/07 to 6/30/10.

Q1 Is Ann's LDA "grandfathered" as regular compensation through 6/30/10?

YES, up to the amounts specified in the contract in effect on May 1, 2009.

Q2 Can Ann extend her contract so that her LDA will be "grandfathered" as regular compensation through 6/30/12?

NO, Ann's LDA is only "grandfathered" until 6/30/10, the expiration date of the contract in effect on May 1, 2009.



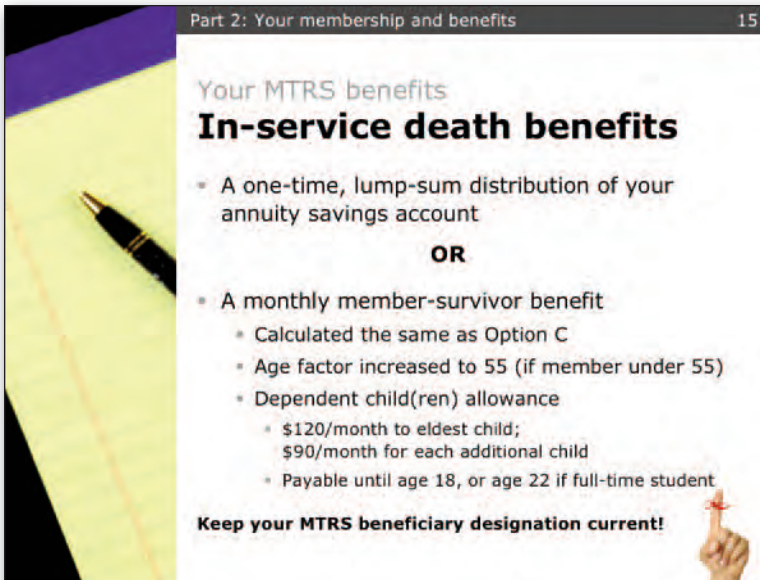
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Your MTRS benefits

- **In-service death benefit**
 - If you die while you are an active teacher, a benefit to your survivor(s)
- **Retirement benefits**
 - Disability (ordinary and accidental)
 - Termination
 - Retirement ("superannuation")

Leaving MTRS service prior to retirement

- If you leave teaching before retiring from the MTRS, you will need to decide what you want to do with your annuity savings account:
 - ☐ receive a retirement allowance, if eligible,
 - ☐ take a refund of your annuity savings account, or
 - ☐ leave your funds on account with the MTRS until some future date or event.
- If you leave service and wish to leave your funds on account, you do not need to notify us that this is what you are doing. We will simply keep your funds on account and continue to send you annual statements that show your balance and any activity, such as the addition of interest. Please note, however, that although your statement will reflect interest each year, you may not be eligible to receive all of the accrued interest if and when you later apply for a refund (see below).
- If, at the time you leave service, you are under age 55 and you have 10 years of creditable service, you may leave your funds on account until you attain age 55, at which time you may then apply for a retirement allowance.
- If, however, you do not take a refund but later return to a position which requires membership in a Massachusetts contributory retirement system, all interest reported on your statements will be credited. Additionally, since you left your money on account, you will be entitled to your "old" contribution rate (the contribution rate in effect at the time you left service) in your new position.
- **Be aware of the interest limitations if you take a refund.** Please note that, if you stop teaching and leave your retirement funds on deposit, you will only receive interest on your account for two years unless you once again become an active member of the system *or* you are eligible to retire without additional active service.
- **Note:** The Commonwealth's FY2011 budget, which was signed into law on June 30, 2010, included several retirement-related provisions, including one that changed the amount of interest returned to members who take refunds. For more information on these new provisions, please watch our website for updates.



Part 2: Your membership and benefits 15

Your MTRS benefits

In-service death benefits

- A one-time, lump-sum distribution of your annuity savings account

OR

- A monthly member-survivor benefit
 - Calculated the same as Option C
 - Age factor increased to 55 (if member under 55)
 - Dependent child(ren) allowance
 - \$120/month to eldest child;
 - \$90/month for each additional child
 - Payable until age 18, or age 22 if full-time student

Keep your MTRS beneficiary designation current!

Reminder: Update your beneficiary designation in light of life events.

Ensure that your survivor benefit is paid according to your wishes.

Review your designation if and when:

- you marry or divorce;
- your beneficiary marries or divorces;
- your beneficiary dies;
- your beneficiary changes his or her name; or
- you have a child.

- It is very important that you designate a beneficiary, or beneficiaries, for your MTRS account while you are an active member. (Note that, when you retire, your "active member" beneficiary designation will end, and, if you select Option B or C, you will be required to designate your "retired member" beneficiary.)
- To find out who is on record as your MTRS beneficiary, look at the MTRS Annual Statement of Annuity Savings Account that we send you; it shows the type and name(s) of your current beneficiaries. Or, send us a written request for this information and we will respond in writing (we cannot provide this information over the phone).
- The type of benefit that your survivors receive depends upon their relationship to you as well as what type of beneficiary you specified and who you named as a beneficiary on your *MTRS Beneficiary Designation Form*.
 - A **lump-sum beneficiary** will receive your accumulated contributions and interest in a single, lump-sum amount. There are no restrictions on who may be a lump-sum beneficiary and you may name more than one person or entity and you may designate the percentage of the benefit that each is to receive. You may also name contingent beneficiaries who will be paid in the event that the primary lump-sum beneficiary is not alive at the time of your death.
 - A **member-survivor beneficiary** will receive a monthly allowance instead of a lump-sum payment, if, at the time of your death, you have accrued at least two years of creditable service. A member-survivor beneficiary must be your parent, sibling, child, spouse or former spouse who has not remarried. You may designate only one member-survivor beneficiary.
- Note: Pursuant to Massachusetts law, if you are married, **your surviving spouse and/or the guardian of your dependent children may have a superior legal right to any benefits awarded as a result of your death**, regardless of whom you named as a beneficiary. If you need more information about naming a beneficiary, please contact us.

Part 2: Your membership and benefits 16

Your MTRS benefits

Disability retirement

- **Ordinary disability retirement**
 - Service requirement: at least 10 years
 - Benefit formula
 - **Nonveteran:** Superannuation retirement formula, with age factor increased to age 55
 - **Veteran:** 50% of last annual salary, plus annuity
- **Accidental disability retirement**
 - No service or age requirements
 - Disability must be due to injury or hazard sustained while performing job duties
 - Benefit formula: 72% of last annual salary, plus annuity*

* Annuity = Member's account balance x actuarial factor

Part 2: Your membership and benefits 17

Your MTRS benefits

Termination retirement

- **Special benefit**
 - Service requirement: at least 20 years
 - Termination must:
 - Be completely involuntary (for example, as a reduction in force or failure of reappointment)
 - **Not** be due to "moral turpitude"
- **Benefit formula:**

$$(3\text{-year salary average} \times 1/3) + \text{Annuity}^* = \text{Option A}$$

* Annuity = Member's account balance x actuarial factor

Part 3: Retirement basics 19

Eligibility

Two "superannuation" retirement plans, each with different eligibility criteria:

- 1) **"Regular"**
 - Any age, with **20 years** of creditable service, OR
 - **Age 55** with **10 years** of creditable service

...and...

- To be eligible for regular retirement (also known as *superannuation* retirement), you must *either*
 - have 20 years of creditable service *or*
 - be 55 years old.
- If you are eligible by reason of age (in other words, because you are at least 55 but you do not have 20 years of creditable service), and you joined the system on or after January 1, 1978, you must then also have at least 10 years of creditable service.

Part 3: Retirement basics 20

Eligibility

2) RetirementPlus

- Any age, with **30 years** of creditable service, at least **20 years** of which must be "teaching" service with the MTRS or Boston Retirement System
- Enhanced benefit:** Additional 12% added to allowable "percentage of salary average" upon reaching 30 years, with additional 2% for each **full year** thereafter

- Two types of purchased service count toward the 20-year "teaching service" requirement:
 - repayment of a refund from the MTRS or the Boston Retirement System
 - if you began your teaching service on a temporary or part-time basis, the purchase of your mandatory six-month waiting period
- All other types of purchased service do **not** count toward the 20-year "teaching service" requirement (out-of-state teaching, non-public school teaching, substitute teaching, maternity leave, military service, Peace Corps, vocational experience and other Massachusetts government service).
- If you *elected* to participate in RetirementPlus, but then do not meet either the 20-year "teaching" or the 30-year total service requirement by your date of retirement, you will receive a retirement benefit calculated under the regular formula and a refund of your RetirementPlus contributions, plus regular interest.

Part 3: Retirement basics 21

Creditable service

Regular service

- Full-time service**
 - 10-month contract = 1 year
 - 12-month contract = 1 year
- Leaves of absence**
 - Paid vs. unpaid

- For leaves of absence or sabbaticals, you will receive creditable service depending on how you were compensated during your leave. If you received:
 - full compensation**, you will receive full service credit;
 - partial compensation**, you will receive partial service credit;
 - no compensation** (an unpaid leave), you will receive either the exact number of days of your leave if it was for one month or less, or one month of service if it was for longer than one month.
- Paid sabbaticals, regardless of when they were rendered, will always be prorated to reflect the percentage at which they were paid. For example, a sabbatical at 75 percent pay will be credited as 0.75 year of service.

Part 3: Retirement basics 22

Creditable service

Regular service

- Part-time membership service**

| For part-time service rendered... | You will receive... |
|-----------------------------------|---|
| On or before 11/9/1990 | Full-time credit |
| Between 11/9/1990 and 7/9/2010 | If your employment status during this period: <ul style="list-style-type: none"> did not change, full-time credit changed, prorated credit |
| On or after 7/9/2010* | Prorated credit |

* Exception: If you elected into RetirementPlus and retire on or before July 1, 2012, your part-time membership service between July 9, 2010 and your date of retirement will be credited pursuant to the creditable service regulation in effect either prior to, or on, July 9, 2010, whichever yields the higher benefit.

For an example, see Appendix D, page 28

- A "change in employment status" means that you went from being employed on a part-time basis to a full-time basis, or vice versa.
- Prorated credit is based on the percentage of full-time service that it represents. For example, if you worked for one year on a half-time basis, you will receive 0.50 year of service credit for that year.
- Kindergarten teaching service:** If you rendered any part-time membership service prior to 7/9/2010 as a kindergarten teacher, that service will be credited as full-time equivalent (FTE).
- For more information on part-time service, see Appendix D, page 28.



Part 3: Retirement basics 23

Creditable service

Purchasable service

- Refund buy-back
- MA substitute or temporary teaching
- Out-of-state public school teaching
- Department of Defense overseas dependent school teaching
- Nonpublic school teaching
- MA state or municipal employment
- Military service
- Peace Corps service
- Vocational education




Reminder: Review the types of creditable service on the next page. If applicable, take steps to purchase your past creditable service.

Remember, all service purchases must be paid for BEFORE your date of retirement. Late payments will delay your date of retirement—and your retirement benefits are retroactive only to your date of retirement!



Since it may take time for you and your prior employers to gather documentation of your past service, we strongly encourage you to start the service purchase process early—please don't wait until the last minute!

- Service rendered as a “consultant” in a school district or as an “03” employee of the Commonwealth of Massachusetts continues to be ineligible for purchase.
- Credit for day-to-day substitute service is based on the number of full days worked, divided by 180 (the number of days in a standard school year).
- **A note about pre-1975 maternity leave credit** (not listed on slide): As you may know, in 2001, eligible members who took an unpaid leave, or resigned, for maternity or adoption purposes prior to January 1, 1975, were given the opportunity to purchase creditable service for their leaves; this service had to be purchased by December 31, 2001. However, in certain rare circumstances, members who did not have ten years of creditable service as of December 31, 2001 may qualify to purchase this service upon attaining ten years of creditable service. If you believe that you may qualify, please contact our office for assistance.
- **A note about substitute, temporary or part-time service purchased prior to 2001:** Because of a change in MTRS Regulation 807 CMR 3.03, effective April 27, 2001, you may now be eligible to purchase previously ineligible substitute, temporary or part-time service. Accordingly, if you purchased—or were billed for—part-time service that you rendered prior to 2001, please call either our Cambridge or Springfield office and request a review of your pre-2001 part-time service purchase application.



Part 3: Retirement basics 24

Creditable service

How do I purchase service?

- **Download** service purchase forms from www.mass.gov/mtrs > Downloadable forms
- **Submit** completed form to MTRS for processing; we will send you an invoice
 - The cost typically includes **principal** (past earnings x applicable contribution rate) and **interest** (4.125% compounded annually through date of payment)
 - Special formulas apply to certain types of purchases (e.g., voc-exp, military)
- **Pay** by personal check, a rollover or transfer from an eligible plan, or through our five-year installment plan (must be paid for *before* your date of retirement)

Creditable service—types and how they are credited

Please remember: **You must pay for your service purchase prior to your date of retirement.**

| Type of creditable service | How you may receive credit for this service | Maximum time creditable | How to obtain MTRS purchase form or instruction sheet |
|---|--|--|--|
| Regular MA public school teaching service | Automatically credited by MTRS through your school's monthly deduction reporting; subject to verification at time of retirement. Note: If you rendered service, and then left and took a refund of your MTRS account, you may "buy back" your prior service credit (known as a refund buy-back). Please see Other MA public service, b, below). | No maximum | Not applicable |
| Out-of-state public school teaching service | You must purchase this service by completing and submitting our MTRS purchase form. | Ten years | Download the form from our website |
| Overseas dependent school teaching service | You must purchase this service by obtaining and submitting the documentation described in our MTRS purchase form. | Five years | Download the form from our website |
| Non-public school teaching service (out-of-state or in MA) | You must purchase this service by completing and submitting our MTRS purchase form. | Ten years | Download the form from our website |
| MA public school substitute, temporary or part-time teaching or tutoring service | You must purchase this service by completing and submitting our MTRS purchase form. | No maximum | Download the form from our website |
| Other MA public service (with the MTRS or a MA town, city, state, county or regional authority) Note: For such service rendered after July 1, 2009 to be eligible for purchase, you had to have earned at least \$5,000 per year | a) If you were NOT a member of a MA contributory retirement system during service: You must purchase this service by obtaining and submitting the documentation described in our MTRS purchase form. b) If you were a member of the MTRS or another MA contributory retirement system during service and later withdrew your funds: You must provide the MTRS with information on your prior service and the MTRS will determine the amount of your cost to repay your refund (this is known as a refund buy-back). | 20 years No maximum | Download the form from our website Call our office to request a refund buy-back |
| Credit for an authorized leave of absence, including sabbaticals | Automatically credited by MTRS based on documentation from you and your school district; subject to verification at time of retirement. (Credit based on length of leave and compensation received, if any.) | No maximum | Not applicable |
| Active military service | a) Credit for military service during your membership in a MA contributory retirement system: Automatically credited by MTRS based on documentation from you and your previous school district or municipality. b) Active military service in the U.S. armed forces, the MA National Guard or the Active Reserves (at some point in your life): You must purchase this service by completing and submitting our MTRS purchase form. | Dependent on type of service Four years | Not applicable Download the form from our website |
| Pre-1975 maternity leave | Except in rare situations, you must have purchased this service by December 31, 2001. If you believe you may qualify, contact our office. | Four years | Call our office for more information |
| Peace Corps service | You must purchase this service by obtaining and submitting the documentation described in our purchase form. | Three years | Download the form from our website |
| Vocational education work experience (for Chapter 74 certified educators) | You must purchase this service by obtaining and submitting the documentation described in our purchase form. | Three years | Download the form from our website |

Part 3: Retirement basics 25

The three benefit options

| Option | Retiree benefit amount | Survivor benefit, if any, upon retiree's death |
|----------|---------------------------------------|--|
| A | Maximum allowance | None |
| B | Appr. 1% less than Option A amount | One-time lump-sum payment of balance, if any, remaining in retiree's account; no restrictions on beneficiary designation |
| C | Appr. 9–11% less than Option A amount | Monthly benefit, equal to 2/3 of retiree's benefit, to one named beneficiary (restrictions apply); pop-up provision |

- Under Option C, your beneficiary must be one of the following: your spouse, parent, child, sibling or former spouse who has not remarried.
- Option C “pop up” provision: If your beneficiary predeceases you, your monthly benefit “pops up” to the Option A amount.
- For more information on the three options, and a worksheet you can use to estimate your retirement benefits, please see Appendix B, page 24.

Part 3: Retirement basics 26

The retirement formula

Age factor

x Your **creditable service**

Percentage of salary average

+ **RetirementPlus** percentage, if applicable
(additional 12% at 30 years, plus 2% for each full year thereafter)

Percentage of your salary average (80% max)

x **Salary average** (highest three consecutive years)

Your Option A annual benefit

+ **Veteran's benefit**, if applicable
(\$15 per year of creditable service, up to \$300)

Your total Option A annual allowance

- The Option A Age Factor Chart:

| Age | Factor | Age | Factor | Age | Factor |
|-----|--------|-----|--------|------|--------|
| 41 | .001 | 50 | .010 | 59 | .019 |
| 42 | .002 | 51 | .011 | 60 | .020 |
| 43 | .003 | 52 | .012 | 61 | .021 |
| 44 | .004 | 53 | .013 | 62 | .022 |
| 45 | .005 | 54 | .014 | 63 | .023 |
| 46 | .006 | 55 | .015 | 64 | .024 |
| 47 | .007 | 56 | .016 | 65 + | .025 |
| 48 | .008 | 57 | .017 | | |
| 49 | .009 | 58 | .018 | | |

- The salary average is the average of your three highest consecutive years' salaries or your last three years' salaries, whichever is greater.
- **Veteran's benefit:** If you are a military veteran as defined in M.G.L. c. 32 § 1, a veteran's benefit will be added to your Option A allowance. This benefit is equal to \$15 per year of creditable service, up to a maximum annual total of \$300. You will need to submit a copy of your military discharge (also known as Form DD214). If you are eligible to receive the maximum retirement allowance—80% of the average of your highest three consecutive years' salaries—by reason of your established creditable service and age, you will still receive your veteran's benefit on top of your maximum allowance.

Part 3: Retirement basics 27

Mary Educator

Regular retirement on 6/30/11

RetirementPlus status Nonparticipating

Age 59 (age factor .019)


Creditable service

| | | |
|-----------------|--------------------|-------------------|
| Regular service | Pittsfield | 30.0 years |
| Out of state | Kentucky | 4.0 years |
| Substitute | Springfield | 0.4 years |
| Other MA | Parks & Rec. Dept. | 0.6 years |
| | | 35.0 years |

Salary average \$63,000

| | |
|---------|--------------------------|
| 2008–09 | \$61,000 |
| 2009–10 | \$63,000 |
| 2010–11 | \$65,000 |
| Total | \$189,000 ÷ 3 = \$63,000 |

Veteran status Veteran



| | | |
|--|---|----------------------------------|
| Part 3: Retirement basics | | 28 |
| Mary Educator | | |
| Regular retirement on 6/30/11 | | |
| Option A | | |
| Age factor (age 59 at retirement) | | 0.019 |
| x Years of creditable service | x | 35.0 |
| Percentage of salary average | | 66.5% |
| + RetirementPlus percentage, if applicable | + | 0% |
| Percentage of salary average (80% max) | | 66.5% |
| x Salary average (highest three consecutive years) | x | \$63,000 |
| Option A annual benefit | | \$41,895 |
| + Veteran's benefit , if applicable (\$15 per year of creditable service, up to \$300) | + | \$300 |
| Total Option A allowance | | \$42,195/yr \$3,516/mo |

- When you estimate your retirement benefits, be sure to do the calculations for more than one date. For example, estimate what your benefits would be if you retired at the end of the school year, versus what they would be if you waited until you reached another birthday and accumulated more creditable service.

- For example, Mary Educator's birthday is November 30. If she waits to retire on her birthday, then the calculations would look like this as of November 30, 2011:

Age 60 (age factor 0.020)

Creditable service

| | |
|------------------------|------|
| Pittsfield | 30.3 |
| Kentucky | 4.0 |
| Springfield | 0.4 |
| Parks & Rec Dept | 0.6 |

Total..... 35.3

Salary average

| | |
|------------------------------|----------|
| 08–09 (70% of \$61,000)..... | \$42,700 |
| 09–10..... | \$63,000 |
| 10–11..... | \$65,000 |
| 11–12 (30% of \$67,000)..... | \$20,100 |

Total \$190,800

Average **\$63,600**

- If Mary Educator waits to retire on her birthday—November 30, 2011—then her Option A allowance would be greater than if she retired on June 30, 2011:

| | | |
|--|---|-----------------|
| Age factor | | 0.020 |
| x Years of creditable service | x | 35.3 |
| % of salary average | | 70.6% |
| + RetirementPlus percentage | + | 0.0% |
| Allowable percentage of salary average | | 70.6% |
| x Salary average | x | \$63,600 |
| Option A allowance | | \$44,902 |
| + Veteran's benefit | + | \$300 |
| Option A annual allowance | | \$45,202 |
| Monthly | | \$3,767 |



Part 3: Retirement basics 29

Mary Educator
Regular retirement on 6/30/11
Option B

- Option A allowance \$42,195/yr
- Option B allowance \$41,883/yr**
- Option B is less by \$312/year, a difference of less than 1%

- Your retirement benefit components are approximately as follows:

- Your contributions and interest, known as the **annuity portion** 20%
- Pension fund assets and MA tax revenue known as the **pension portion** 80%

- The amount in your annuity savings account is “spent down” over time, usually 10 to 12 years. After your account is depleted, your full benefit continues until your death; however, upon your death, no benefit will be paid to your beneficiary. If you die before your account is depleted, the balance remaining is paid to your beneficiary.

- **Mary’s Option B calculation:** Based on account balance of \$100,000 and actuarial factors for age 60...

| | Option A | Option B |
|---------|-----------------|-----------------|
| Annuity | \$9,108 | \$8,796 |
| Pension | \$33,087 | \$33,087 |
| Total | \$42,195/yr | \$41,883/yr |

- For example, on Mary’s retirement date of June 30, 2011, the balance in her annuity savings account was \$100,000. Based on her closest age of 60 and actuarial tables, the annual reduction in her annuity savings account—which has been transferred to the Commonwealth’s pension fund to partially pay for Mary’s benefit—is \$8,796.
- Every year, Mary’s account is “charged” \$8,796 and decreases by that amount. After 5 years, the balance in her annuity savings account has decreased by \$43,980 (annual reduction of \$8,796 x 5 years). After 10 years, the balance in the annuity savings account has decreased by \$87,960 (annual reduction of \$8,796 x 10 years). After 11.4 years, the balance has been depleted.

Part 3: Retirement basics 30

Mary Educator
Regular retirement on 6/30/11
Option C

Option C factor: Based on member's and beneficiary's ages closest to member's date of retirement

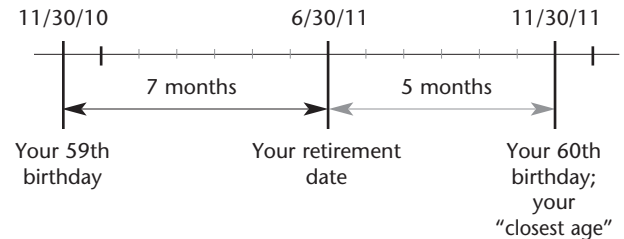
| Member's closest age | Beneficiary's closest age |
|----------------------|---------------------------|
| 50 | 50 |
| 51 | 51 |
| 52 | 52 |
| 53 | 53 |
| 54 | 54 |
| 55 | 55 |
| 56 | 56 |
| 57 | 57 |
| 58 | 58 |
| 59 | 59 |
| 60 | 60 |
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| 88 | 88 |
| 89 | 89 |
| 90 | 90 |
| 91 | 91 |
| 92 | 92 |
| 93 | 93 |
| 94 | 94 |
| 95 | 95 |
| 96 | 96 |
| 97 | 97 |
| 98 | 98 |
| 99 | 99 |
| 100 | 100 |

* Member's closest age 60
 * Beneficiary's closest age 59
 * Option C factor 0.9099

■ For the Option C factor chart, please see Appendix B, page 24.

■ To determine your "closest age," count the number of months and days between your birthday before your date of retirement, and your next birthday *after* your date of retirement. Your "closest age" is your age on your birthday that is closest to your date of retirement.

For example, if you are retiring on June 30, and your birthday is November 30, your "closest age" is your age on your birthday *after* your retirement date.



Part 3: Retirement basics 31

Mary Educator
Regular retirement on 6/30/11
Option C

| | |
|------------------------------------|---|
| Option A annual benefit | \$41,895/yr |
| x Option C factor | x 0.9099 |
| Option C annual benefit | \$38,120 |
| + Veteran's benefit, if applicable | + \$300 |
| Mary's Option C allowance | \$38,420/yr \$3,202/mo |
| x Survivor factor | x 2/3 |
| Survivor allowance | \$25,613/yr \$2,135/mo |




Part 3: Retirement basics 32

Joe Teacher
RetirementPlus retirement on 6/30/11

| | |
|------------------------------|-----------------------|
| RetirementPlus status | Participating |
| Age | 58 Age factor .018 |
| Creditable service | 34.0 years |
| Salary average | \$63,000 |
| Veteran status | Veteran |

- Joe Teacher elected to participate in RetirementPlus in 2001 and has contributed to the MTRS at 11% for at least five years.



Part 3: Retirement basics 33

Joe Teacher
RetirementPlus retirement on 6/30/11
Option A

| | |
|--|---|
| Age factor (age 58 at retirement) | 0.018 |
| x Years of creditable service | x 34.0 |
| Percentage of salary average | 61.2% |
| + RetirementPlus percentage , if applicable | + 20.0% |
| Percentage of salary average (80% max) | 80.0% |
| x Salary average (highest three consecutive years) | x \$63,000 |
| Option A annual benefit | \$50,400 |
| + Veteran's benefit , if applicable (\$15 per year of creditable service, up to \$300) | + \$300 |
| Total Option A allowance | \$50,700/yr \$4,225/mo |

- For a comparison of the allowable percentages of salary average under the regular versus the RetirementPlus plans, see Appendix A, page 23.

Reminder: Use our online retirement benefit estimator to estimate your retirement allowance, or use the worksheet provided in Appendix B (page 24) to estimate your benefits under each of the three options.



Compare what your benefits would be on one particular date as well as on a later date, when you have accumulated more creditable service and/or reached another birthday.



Part 4: Other retirement issues 35

Plan ahead for your health insurance coverage

Avoid surprises—
a year **BEFORE** your date of retirement...

- Contact your appropriate insurance coordinator...
 - if **in** Retired Municipal Teachers' (RMT) Program (see list): Group Insurance Commission
 - if **not** in RMT: Local insurance coordinator; also applies if district participating in "GIC Municipality Program"
- If you qualify for Medicare, ask how your school district insurance will supplement your Medicare
- Understand survivor health insurance benefits—Do they exist? What are the costs?
- Arrange to have premiums withheld from your retirement check

Avoid penalties—**BEFORE** your 65th birthday... contact the SSA to determine your eligibility for Medicare and when you need to apply for Part B

- For information regarding your Medicare eligibility, see www.medicare.gov/MedicareEligibility.
- Generally, you are eligible for Medicare if:
 - you or your spouse worked for at least 10 years in Medicare-covered employment and you are 65 years or older and a citizen or permanent resident of the United States, or
 - through your employer(s), you have paid the Medicare tax of 1.45% on your earnings for at least 10 years.
 Source: www.medicare.gov/MedicareEligibility > General Enrollment and Eligibility.
- If you were hired by a Massachusetts public employer on or after April 1, 1986, you are required to pay the 1.45% Medicare tax. While this does not earn you any Social Security "credits," it does entitle you to Medicare coverage at age 65 if you have paid this tax for at least 10 years.
- Individuals who do not sign up for Medicare Part B when they are first eligible may be subject to a substantial late-enrollment penalty. Thus, be sure to inquire about your Medicare eligibility at least three months prior to your 65th birthday and follow the application procedures at www.ssa.gov.

For information on your health insurance coverage options in retirement, if your district:

- Participates in the Retired Municipal Teachers' (RMT) Program (see list, below), contact the **Group Insurance Commission** at mass.gov/gic, or 617-727-2310.
- Is not listed as participating in the RMT Program, below, please contact **your local insurance coordinator**. (Note: Your city or town may participate in the "GIC Municipality Program." If so, you should still contact your local insurance coordinator as he or she will administer your coverage, which is provided through the GIC.)

Districts participating in the Retired Municipal Teachers' (RMT) Program as of July 1, 2010 (as reported by GIC on July 8, 2010)

| | | | | | |
|-------------------|------------------|-------------------|------------------|------------------|----------------|
| Amesbury | Dennis | Martha's Vineyard | Paxton | Shawsheen Valley | Whitman-Hanson |
| Amherst | Eastham | Regional | Peabody | Regional | Regional |
| Amherst-Pelham | Everett | Medford | Pelham | Spencer | Wilbraham- |
| Regional | Gloucester | Milton | Pioneer Valley | Spencer-East | Paxton |
| Andover | Granby | Monson | Regional | Brookfield | Woburn |
| Barnstable | Greater Lawrence | Narragansett | Plainville | Regional | |
| Billerica | Regional | Regional | Quabbin Regional | Stoughton | |
| Blackstone Valley | Hampden- | Newbury | Rehoboth | Upper Cape Cod | |
| Regional | Wilbraham | North Adams | Revere | Regional | |
| Bourne | Regional | North Andover | Rockland | Ware | |
| Braintree | Harvard | North Attleboro | Rockport | Wareham | |
| Bridgewater | Holyoke | North Middlesex | Rutland | West Bridgewater | |
| Cohasset | Hudson | Regional | Salem | Westfield | |
| Dedham | Lawrence | Norwell | Salisbury | West Springfield | |
| | | Orange | | | |

For the latest list, always go to mass.gov/gic, or contact your local insurance coordinator



Reminder: Obtain the following information from your local insurance coordinator (generally, your local treasurer or school business office).

- 1) What percentage of your health insurance premium will your school district pay when you retire? %
- 2) Your health plan options...
 - Which health plans will your district make available to you when you retire?
 - What are the differences in premiums?
 - Does your district provide an option that will cover you if you move out of state? ☐ No ☐ Yes (describe)

| Health plan | Premiums |
|-------------|----------|
| | |
| | |
| | |
- 3) If you qualify for Medicare, what are the insurance plan options provided by your school district to supplement Medicare?
- 4) If you cover a spouse or dependent(s):
 - What will happen to your survivor's coverage in the event of your death?
 - Will the district continue to pay a portion of your survivor's health insurance?

Part 4: Other retirement issues 36

Working after retirement

There are **no limits** on the following:

- Employment in the private sector
- Employment in another state—public or private
- Employment within the federal government
- Volunteering

Part 4: Other retirement issues 37

Working after retirement

General time and earnings limitations on re-employment in the **Massachusetts public sector...**

- **If returning to same employer from which you retired:** Must be separated from service for 60 days before returning (waived if retiring at age 65 or at 80% maximum benefit)
- **Time:** Service cannot exceed **960 hours** in a calendar year
- **Earnings:** Post-retirement earnings **cannot exceed** the difference between the current salary of the position from which you retired, and the amount of your annual pension

Part 4: Other retirement issues 38

Working after retirement

An example of earnings restrictions

Mary Educator retires June 30, 2011 from a position that paid \$65,000 per year

| | |
|--|------------|
| School year 2011–12 salary for Mary's former position | \$67,000 |
| – Mary's annual gross MTRS pension | – \$42,195 |
| Mary's allowable earnings for the rest of calendar year 2011 | \$24,805 |

- These limitations apply to post-retirement employment with a Massachusetts public employer. In other words, if you render service to a Massachusetts city, town, county or the Commonwealth, the limitations will apply.
- The work that you perform does not necessarily have to meet the requirements for membership in a Massachusetts contributory retirement system; these limitations apply if you work as a “leased employee” or if you receive *any* check issued by a public employer in Massachusetts, including work as a consultant.
- **Additional precautions:**
 - Service rendered as a “consultant” or a “leased employee” to a Massachusetts public school or agency is subject to the service and earnings restrictions.
 - You may elect to waive or “freeze” your benefit if you are approaching your earnings or service limits. If you exceed the allowable limits, the MTRS or your employer must recover all excess earnings from you.
- **“Unretiring” and reinstating as an active member**
 - Effective July 1, 2004, members of the MTRS (and the other Massachusetts contributory retirement systems) who retired under superannuation or termination retirement were allowed to reinstate as active members of the MTRS.
 - In other words, retired members who agree to certain terms and conditions, can return to active membership in the MTRS and, in effect, “unretire.” Under this provision, the retiree must pay back to the retirement system the total pension benefits received while retired, plus interest at one-half of the actuarial assumed rate of 8.25 percent, or 4.125 percent. Additionally, the retiree must be employed in a full-time position subject to membership in the MTRS, for at least five full years from his or her reinstatement date, in order to accrue additional retirement benefits.
 - Since this legislation was passed, only a very few MTRS retirees have reinstated.

Part 4: Other retirement issues
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Working after retirement


Different rules in the event of an ESE-approved "critical shortage":

- RetirementPlus retirees must wait two years to be eligible
- School district must contact the ESE to obtain a one-year "waiver" for a specific position
- If above are met, the retiree may work without earnings limitation for the duration of the critical shortage "waiver"

- The earnings limitations on re-employment of retirees in the Massachusetts public schools may be eased if the Department of Elementary and Secondary Education (ESE) determines there is a "critical shortage" in a particular position. ESE has adopted regulation 603 CMR 7.03(b), allowing the Commissioner of Elementary and Secondary Education to deem that a district has a "critical shortage" upon the request of a superintendent and demonstration that the district has made a good-faith effort to hire non-retirees and has been unable to find them. The "critical shortage" application process is similar to that for requesting a waiver for certification.

Please refer to the chart, below, for a description of the restrictions and when they apply.

| Restrictions on working after retirement | When NO critical shortage | When a critical shortage IS declared by ESE | |
|--|---------------------------|---|---|
| | ALL MTRS Retirees | Retirees under Regular formula | Retirees under RetirementPlus |
| 1) Time limitation: 960 hours in a calendar year. | Applies | Waived | Waived |
| 2) Earnings limitation: The salary received from this position, when added to the MTRS retirement allowance, cannot exceed the salary that is currently being paid for the position from which the employee retired. | Applies | Waived | Applies for first two years of employee's retirement; waived thereafter |
| 3) Separation from service: If returning to same employer from which the employee retired, 60 days. <i>Exception:</i> This particular restriction does not apply if the member retired <i>either</i> at age 65 or older <i>or</i> at the maximum benefit amount of 80 percent of his or her three-year salary average. | Applies | Applies | Applies |




Part 4: Other retirement issues 40

Taxation of your benefit

- Your retirement allowance is **not** subject to Massachusetts state income tax
- Your retirement allowance is federally taxable
- Many of you will have slightly reduced "taxable" earnings each year because of "post-tax" dollars in your annuity savings account at the time of your retirement
- If you intend to move out of state, check with the Department of Revenue in that state to determine if your retirement allowance is subject to state income tax
- By January 31st of each year, we will mail you a 1099-R tax form (the retiree version of your W-2 form)

- As a reminder, your "after-tax" amount includes your contributions prior to 1988 plus any after-tax payments made to buy-back prior service.
- If you move to another state after retirement, your allowance may be subject to that state's income taxes. It is advisable to check with the other state's department of revenue, or the Massachusetts Department of Revenue's website, at www.mass.gov/dor/pensioninfo.
- **If you retire before age 59-1/2:** Please note that in the year that you turn age 59-1/2, we will send you **two** 1099-R tax forms, as the IRS requires that we identify and distinguish between payments that are made to you when you are *under* age 59-1/2, and payments that are made to you when you are *over* age 59-1/2.
- **The Benefit Verification process:** As required by the agency that oversees all Massachusetts public retirement systems (the Public Employee Retirement Administration Commission, or PERAC), you are periodically required to provide proof that you remain eligible (i.e., alive) to receive your retirement benefits. At least once every two years, we conduct our Benefit Verification process, which is designed to prevent pension fraud and ensure that your benefits are being paid to the rightful and living recipient. We will send you a Benefit Verification form, which you must complete, have notarized, and return in order to continue to receive your benefits.



Part 4: Other retirement issues 41

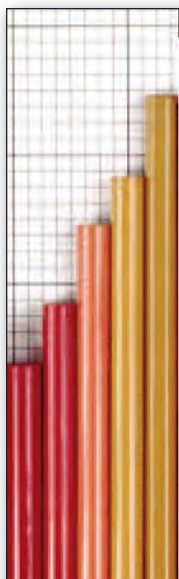
Important issues

Social Security: Two "double-dipping" laws

If you are eligible for Social Security benefits based on your...

- **Own employment earnings:**
Windfall Elimination Provision (WEP)
 - Exempt from WEP if you were eligible to retire from the MTRS prior to 1/1/86
- **Spouse's employment earnings:**
Government Pension Offset (GPO)
 - Exempt from GPO if you were eligible to retire prior to 12/1/82

See our handout, *Social Security and the MTRS member*



Part 4: Other retirement issues 42

Important issues

Cost-of-Living Adjustments

- **Eligibility:** MA public retirees are eligible for COLAs after one full fiscal year of retirement
- **Granted by Legislature:** As part of the annual budget process, a COLA is subject to approval by vote of the MA Legislature
- **Amount:** Currently, 3% or the CPI, whichever is less, on the first \$12,000 of your retirement allowance, for a maximum increase of \$360 per year

- Since 2000, the annual COLAs have each allowed a 3% increase on the first \$12,000 of a retiree's allowance, for a maximum annual increase of \$360, or \$30 a month.
- The Board's legislative agenda continues to include advocating for an increase in the cost-of-living adjustment (COLA) base while securing the purchasing power protection of our retired members, and establishing an employee pension contribution rate that is reflective of the retirement benefits earned by our members.
- To keep abreast of pending legislation, please visit our website and go to News > Legislative updates.

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Appendix A

The “retirement percentage” chart

A comparison of the percentage of salary average allowed under the regular and RetirementPlus formulas, by service and age

| RETIREMENTPLUS % INCREASE | | | AGE AT RETIREMENT | | | | | | | | | | | | | | | | | | | |
|------------------------------|----|-------------------|-------------------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|
| | | | 46 | 47 | 48 | 49 | 50 | 51 | 52 | 53 | 54 | 55 | 56 | 57 | 58 | 59 | 60 | 61 | 62 | 63 | 64 | 65+ |
| YEARS OF SERVICE * | 25 | — Regular | 15.0 | 17.5 | 20.0 | 22.5 | 25.0 | 27.5 | 30.0 | 32.5 | 35.0 | 37.5 | 40.0 | 42.5 | 45.0 | 47.5 | 50.0 | 52.5 | 55.0 | 57.5 | 60.0 | 62.5 |
| | 26 | — Regular | 15.6 | 18.2 | 20.8 | 23.4 | 26.0 | 28.6 | 31.2 | 33.8 | 36.4 | 39.0 | 41.6 | 44.2 | 46.8 | 49.4 | 52.0 | 54.6 | 57.2 | 59.8 | 62.4 | 65.0 |
| | 27 | — Regular | | 18.9 | 21.6 | 24.3 | 27.0 | 29.7 | 32.4 | 35.1 | 37.8 | 40.5 | 43.2 | 45.9 | 48.6 | 51.3 | 54.0 | 56.7 | 59.4 | 62.1 | 64.8 | 67.5 |
| | 28 | — Regular | | | 22.4 | 25.2 | 28.0 | 30.8 | 33.6 | 36.4 | 39.2 | 42.0 | 44.8 | 47.6 | 50.4 | 53.2 | 56.0 | 58.8 | 61.6 | 64.4 | 67.2 | 70.0 |
| | 29 | — Regular | | | | 26.1 | 29.0 | 31.9 | 34.8 | 37.7 | 40.6 | 43.5 | 46.4 | 49.3 | 52.2 | 55.1 | 58.0 | 60.9 | 63.8 | 66.7 | 69.6 | 72.5 |
| | 30 | 12% Regular R+ | | | | | 30.0 | 33.0 | 36.0 | 39.0 | 42.0 | 45.0 | 48.0 | 51.0 | 54.0 | 57.0 | 60.0 | 63.0 | 66.0 | 69.0 | 72.0 | 75.0 |
| | | | | | | 42.0 | 45.0 | 48.0 | 51.0 | 54.0 | 57.0 | 60.0 | 63.0 | 66.0 | 69.0 | 72.0 | 75.0 | 78.0 | 80.0 | 80.0 | 80.0 | 80.0 |
| | 31 | 14% Regular R+ | | | | | | 34.1 | 37.2 | 40.3 | 43.4 | 46.5 | 49.6 | 52.7 | 55.8 | 58.9 | 62.0 | 65.1 | 68.2 | 71.3 | 74.4 | 77.5 |
| | | | | | | | 48.1 | 51.2 | 54.3 | 57.4 | 60.5 | 63.6 | 66.7 | 69.8 | 72.9 | 76.0 | 79.1 | 80.0 | 80.0 | 80.0 | 80.0 | 80.0 |
| | 32 | 16% Regular R+ | | | | | | | 38.4 | 41.6 | 44.8 | 48.0 | 51.2 | 54.4 | 57.6 | 60.8 | 64.0 | 67.2 | 70.4 | 73.6 | 76.8 | 80.0 |
| | | | | | | | | 54.4 | 57.6 | 60.8 | 64.0 | 67.2 | 70.4 | 73.6 | 76.8 | 80.0 | 80.0 | 80.0 | 80.0 | 80.0 | 80.0 | 80.0 |
| | 33 | 18% Regular R+ | | | | | | | | 42.9 | 46.2 | 49.5 | 52.8 | 56.1 | 59.4 | 62.7 | 66.0 | 69.3 | 72.6 | 75.9 | 79.2 | 80.0 |
| | | | | | | | | | | 60.9 | 64.2 | 67.5 | 70.8 | 74.1 | 77.4 | 80.0 | 80.0 | 80.0 | 80.0 | 80.0 | 80.0 | 80.0 |
| | 34 | 20% Regular R+ | | | | | | | | | 47.6 | 51.0 | 54.4 | 57.8 | 61.2 | 64.6 | 68.0 | 71.4 | 74.8 | 78.2 | 80.0 | 80.0 |
| | | | | | | | | | | | 67.6 | 71.0 | 74.4 | 77.8 | 80.0 | 80.0 | 80.0 | 80.0 | 80.0 | 80.0 | 80.0 | 80.0 |
| | 35 | 22% Regular R+ | | | | | | | | | | 52.5 | 56.0 | 59.5 | 63.0 | 66.5 | 70.0 | 73.5 | 77.0 | 80.0 | 80.0 | 80.0 |
| | | | | | | | | | | | | 74.5 | 78.0 | 80.0 | 80.0 | 80.0 | 80.0 | 80.0 | 80.0 | 80.0 | 80.0 | 80.0 |
| | 36 | 24% Regular R+ | | | | | | | | | | | 57.6 | 61.2 | 64.8 | 68.4 | 72.0 | 75.6 | 79.2 | 80.0 | 80.0 | 80.0 |
| | | | | | | | | | | | | | 80.0 | 80.0 | 80.0 | 80.0 | 80.0 | 80.0 | 80.0 | 80.0 | 80.0 | 80.0 |
| | 37 | 26% Regular R+ | | | | | | | | | | | | 62.9 | 66.6 | 70.3 | 74.0 | 77.7 | 80.0 | 80.0 | 80.0 | 80.0 |
| | | | | | | | | | | | | | | 80.0 | 80.0 | 80.0 | 80.0 | 80.0 | 80.0 | 80.0 | 80.0 | 80.0 |
| | 38 | 28% Regular R+ | | | | | | | | | | | | | 68.4 | 72.2 | 76.0 | 79.8 | 80.0 | 80.0 | 80.0 | 80.0 |
| | | | | | | | | | | | | | | | 80.0 | 80.0 | 80.0 | 80.0 | 80.0 | 80.0 | 80.0 | 80.0 |
| | 39 | 30% Regular R+ | | | | | | | | | | | | | | 74.1 | 78.0 | 80.0 | 80.0 | 80.0 | 80.0 | 80.0 |
| | | | | | | | | | | | | | | | | 80.0 | 80.0 | 80.0 | 80.0 | 80.0 | 80.0 | 80.0 |
| | 40 | 32% Regular R+ | | | | | | | | | | | | | | | 80.0 | 80.0 | 80.0 | 80.0 | 80.0 | 80.0 |
| | | | | | | | | | | | | | | | | | 80.0 | 80.0 | 80.0 | 80.0 | 80.0 | 80.0 |

Effective April 2010

RetirementPlus vs. regular formula

☐ NO DIFFERENCE

☒ MAXIMUM DIFFERENCE: Member receives full amount of RetirementPlus % increase

☒ LESSER DIFFERENCE: Member receives only that amount of RetirementPlus % increase needed to reach 80% salary maximum

* **Two notes on “years of service”:** For the purposes of determining your:

1) **“RetirementPlus % increase,”** only **whole** years of creditable service will be counted (the amount is not rounded up).

For example, if you have 32.9 years of creditable service, your “RetirementPlus % increase” is based on 32 years of creditable service, or 16%.

2) **Percentage of allowable salary average,** your **full years and full months** of creditable service will be counted.

For example, Jane Educator is a teacher on a 10-month contract, and is retiring mid-year, on March 10. At that time, she will have 32 years, 6 months and 10 days of creditable service—or 32.6549 years of creditable service. The amount of creditable service that will be used to calculate Jane’s allowable percentage of salary average is 32.6 years. (Because the first decimal place represents full months, and the last three decimal places represent only partial months, the last three decimal places will not be included in Jane’s final benefit calculation.)

Appendix B

Overview of retirement Options A, B and C, and benefit estimate worksheet

The Massachusetts Retirement Law (M.G.L. c. 32) regulates your retirement allowance and allows you to choose one of three benefit options. These options differ with regard to the amount paid and whether any benefits will be paid to someone else after your death. In brief:

| Option | Monthly benefit amount | Survivor benefit |
|----------|---|--|
| A | Maximum allowance | None; all allowance payments cease upon your death and no benefits will be provided for any survivors. |
| B | Approximately 1% less than Option A amount | One-time, lump-sum payment of balance, if any, remaining in member's annuity savings account <i>[Note: There are no restrictions on who or how many individuals or entities may be named as beneficiary. In most cases, the annuity will be depleted in 10 to 12 years.]</i> |
| C | Approximately 9–11% less than Option A amount | Monthly benefit (2/3rds) paid to a survivor <i>[Note: Beneficiary must be the member's parent, child, sibling, spouse or former spouse who has not remarried.]</i> |

Option A age factor table

| Use your age on your retirement date | | | | | | | |
|--------------------------------------|--------|-----|--------|-----|--------|-----|--------|
| Age | Factor | Age | Factor | Age | Factor | Age | Factor |
| 41 | .001 | 47 | .007 | 53 | .013 | 59 | .019 |
| 42 | .002 | 48 | .008 | 54 | .014 | 60 | .020 |
| 43 | .003 | 49 | .009 | 55 | .015 | 61 | .021 |
| 44 | .004 | 50 | .010 | 56 | .016 | 62 | .022 |
| 45 | .005 | 51 | .011 | 57 | .017 | 63 | .023 |
| 46 | .006 | 52 | .012 | 58 | .018 | 64 | .024 |
| | | | | | | 65+ | .025 |

RetirementPlus percentage table Service is in FULL years

| Service | R+ % | Service | R+ % | Service | R+ % |
|---------|------|---------|------|---------|------|
| 30 | .12% | 34 | .20% | 38 | .28% |
| 31 | .14% | 35 | .22% | 39 | .30% |
| 32 | .16% | 36 | .24% | 40 | .32% |
| 33 | .18% | 37 | .26% | | |

Option C factor table

To obtain your Option C factor, determine what your age will be *on your birthday closest to your retirement date*; then determine what your beneficiary's age will be *on his or her birthday that is closest to your retirement date*. Your Option C factor is the number where the row and column for your ages intersect. If the combination of your ages is not listed here, please visit our website at mass.gov/mtrs or contact us for the appropriate factor.

Beneficiary's closest age

| Member's closest age | 50 | 51 | 52 | 53 | 54 | 55 | 56 | 57 | 58 | 59 | 60 | 61 | 62 | 63 | 64 | 65 | 66 | 67 | 68 | |
|----------------------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|
| | 50 | .9509 | .9528 | .9546 | .9565 | .9583 | .9601 | .9618 | .9635 | .9652 | .9669 | .9685 | .9700 | .9715 | .9730 | .9744 | .9758 | .9771 | .9783 | .9796 |
| | 51 | .9460 | .9480 | .9500 | .9520 | .9539 | .9558 | .9577 | .9596 | .9614 | .9632 | .9650 | .9667 | .9683 | .9699 | .9715 | .9730 | .9744 | .9758 | .9772 |
| | 52 | .9408 | .9429 | .9450 | .9471 | .9492 | .9512 | .9533 | .9553 | .9573 | .9592 | .9611 | .9630 | .9648 | .9665 | .9683 | .9699 | .9715 | .9730 | .9745 |
| | 53 | .9350 | .9372 | .9395 | .9417 | .9440 | .9462 | .9484 | .9506 | .9527 | .9548 | .9569 | .9589 | .9609 | .9628 | .9646 | .9665 | .9682 | .9699 | .9716 |
| | 54 | .9287 | .9311 | .9335 | .9359 | .9383 | .9406 | .9430 | .9453 | .9477 | .9499 | .9522 | .9544 | .9565 | .9586 | .9606 | .9626 | .9645 | .9664 | .9682 |
| | 55 | .9219 | .9244 | .9270 | .9295 | .9320 | .9346 | .9371 | .9396 | .9421 | .9445 | .9470 | .9493 | .9517 | .9539 | .9562 | .9583 | .9604 | .9625 | .9644 |
| | 56 | .9146 | .9173 | .9199 | .9226 | .9253 | .9280 | .9307 | .9334 | .9360 | .9387 | .9413 | .9438 | .9463 | .9488 | .9512 | .9536 | .9559 | .9581 | .9603 |
| | 57 | .9068 | .9096 | .9124 | .9152 | .9181 | .9209 | .9238 | .9267 | .9295 | .9323 | .9351 | .9379 | .9406 | .9433 | .9459 | .9484 | .9509 | .9534 | .9558 |
| | 58 | .8984 | .9013 | .9043 | .9073 | .9103 | .9133 | .9163 | .9194 | .9224 | .9254 | .9284 | .9314 | .9343 | .9372 | .9400 | .9428 | .9455 | .9482 | .9507 |
| | 59 | .8895 | .8925 | .8956 | .8987 | .9019 | .9051 | .9083 | .9115 | .9147 | .9179 | .9211 | .9243 | .9274 | .9305 | .9336 | .9366 | .9395 | .9424 | .9452 |
| | 60 | .8800 | .8831 | .8863 | .8896 | .8929 | .8963 | .8997 | .9031 | .9065 | .9099 | .9133 | .9167 | .9200 | .9233 | .9266 | .9299 | .9330 | .9361 | .9392 |
| | 61 | .8699 | .8732 | .8765 | .8799 | .8834 | .8869 | .8904 | .8940 | .8976 | .9012 | .9048 | .9084 | .9120 | .9156 | .9191 | .9225 | .9260 | .9293 | .9326 |
| | 62 | .8592 | .8626 | .8661 | .8696 | .8732 | .8769 | .8806 | .8844 | .8882 | .8920 | .8958 | .8996 | .9034 | .9072 | .9110 | .9147 | .9184 | .9220 | .9256 |
| | 63 | .8481 | .8516 | .8551 | .8588 | .8626 | .8664 | .8703 | .8742 | .8782 | .8822 | .8862 | .8902 | .8943 | .8983 | .9023 | .9063 | .9102 | .9141 | .9179 |
| | 64 | .8364 | .8400 | .8437 | .8475 | .8513 | .8553 | .8594 | .8635 | .8676 | .8718 | .8760 | .8803 | .8846 | .8888 | .8931 | .8973 | .9015 | .9057 | .9098 |
| | 65 | .8241 | .8278 | .8316 | .8355 | .8395 | .8436 | .8478 | .8521 | .8564 | .8608 | .8653 | .8697 | .8742 | .8787 | .8832 | .8877 | .8922 | .8967 | .9011 |
| | 66 | .8113 | .8151 | .8190 | .8230 | .8271 | .8314 | .8357 | .8401 | .8446 | .8492 | .8539 | .8585 | .8633 | .8680 | .8728 | .8775 | .8823 | .8870 | .8917 |
| | 67 | .7980 | .8018 | .8058 | .8099 | .8142 | .8186 | .8230 | .8276 | .8323 | .8370 | .8419 | .8468 | .8517 | .8567 | .8617 | .8667 | .8717 | .8768 | .8817 |
| | 68 | .7840 | .7879 | .7920 | .7962 | .8006 | .8051 | .8097 | .8144 | .8192 | .8242 | .8292 | .8343 | .8394 | .8446 | .8499 | .8552 | .8605 | .8658 | .8711 |
| 69 | .7694 | .7734 | .7776 | .7819 | .7863 | .7909 | .7956 | .8005 | .8055 | .8105 | .8157 | .8210 | .8264 | .8318 | .8373 | .8428 | .8484 | .8540 | .8596 | |
| 70 | .7542 | .7582 | .7624 | .7668 | .7713 | .7760 | .7808 | .7858 | .7909 | .7962 | .8015 | .8070 | .8125 | .8182 | .8239 | .8297 | .8355 | .8414 | .8473 | |

Benefit estimate worksheet

| | | You as of | You as of |
|-----------------|---|-----------|-----------|
| Example | | | |
| Option A | Option A Age Factor (<i>see table</i>) .018 | | |
| x | Years of creditable service x 35 | x | x |
| | % of salary average 63% | | |
| + | RetirementPlus %, if applicable*+ 22% | + | + |
| | Allowable % of salary average** 80% | | |
| x | 3-year salary average x \$65,000 | x \$ | x \$ |
| | Option A annual allowance \$52,000 | \$ | \$ |
| + | Veteran's benefit*** + \$300 | + | + |
| | Final Opt. A annual allowance \$52,300 | \$ | \$ |
| Option B | Final Opt. A annual allowance \$52,300 | \$ | \$ |
| x | 99% (1% less than Option A)**** x 99% | x 99% | x 99% |
| | Opt. B annual allowance \$51,777 | \$ | \$ |
| Option C | Option A annual allowance \$52,000 | \$ | \$ |
| x | Option C Factor (<i>see table</i>) x 0.9194 | x | x |
| | Option C annual allowance \$47,809 | \$ | \$ |
| + | Veteran's benefit + \$300 | + | + |
| | Final Opt. C allowance \$48,109 | \$ | \$ |
| x | 2/3 (annual survivor portion) x 2/3 | x 2/3 | x 2/3 |
| | Member-survivor benefit \$32,073 | \$ | \$ |

The example illustrates the calculations for a member who is a veteran, and who retires on June 30, 2011 under RetirementPlus at age 58 with 35 years of creditable service, an average salary of \$65,000 for his or her highest three consecutive years or last three years, whichever is greater, and a beneficiary who is age 57.

Also shown here is the member-survivor benefit payable only under Option C. This benefit is payable on a monthly basis to your beneficiary for the rest of his or her life. The monthly amount is 1/12 of the annual amount.

NOTES

* If you are participating in RetirementPlus, and you have 30 or more years of creditable service—at least 20 of which are membership service with the MTRS or the Boston Retirement System as a teacher—add 2% for each full year of creditable service over 24 years (see RetirementPlus Percentage table, previous page).

** Your "Allowable % of salary average" may not exceed 80 percent.

*** If you are a wartime veteran, \$15 for each year of teaching service (up to a maximum of \$300) is added to the Option A annual allowance.


**** As noted on previous page, the Option B allowance is approximately 1% less than the Option A amount. For purposes of illustration only, we have estimated the Option B amount at 1% less than the Option A amount.

Appendix C

Retirement planning

Common issues

- **We advise you to file your retirement application three to four months before your retirement date. However, by law, you may file your application up to 60 days after your effective date of separation from service and still use the date of separation as your retirement date.**

 If you file your application more than 60 days after your date of separation from service, the earliest effective date of retirement you may use will be 15 days after the date we receive your completed application. Also, if you are retiring on your birthday, use that exact day as your date of retirement, **not** the day after. See Appendix E (page 30) for information on choosing your retirement date.

- **Retirement applications are processed on a first-come, first-served basis.**

Please understand that it may take up to four months before your benefit calculation is complete and you are sent your Notice of Estimated Retirement Benefit and first payment information from the MTRS.

- **You should plan on receiving your first retirement check at the end of the SECOND full month after your effective date of retirement.**

For example, if you retire on June 30th, your first check will most likely be issued at the end of August. Of course, your first check will be sent earlier if possible. Be assured that **all first checks are paid retroactive to your date of retirement.**

- **In some cases, your first retirement check will be mailed to your home.**

This slight delay is to allow the State Treasury time to test your electronic funds transfer before your first direct deposit is made.

- **Retirement checks are issued at the end of each month and represent payment for the previous month.**

For example, the payment that you receive at the end of January is the payment **for** January.

- **Direct deposit statements are NOT mailed to you every month.**

Once your direct deposit commences, you will receive a statement in the mail detailing your monthly benefit and deductions. After this initial statement, you will receive a statement in the mail when:

- there is a change in the amount of your deposit from the prior month; or,
- we need to provide retirees with new information and we print a special notice on the top portion of the direct deposit statement.

- **Find out more about retirement issues.**

Visit our website at mass.gov/mtrs for important information on:

- the three retirement options: A, B and C;
- purchasing creditable service;
- health insurance;
- Social Security
- working after retirement;
- taxes; and,
- cost of living adjustments (COLAs).

Your retirement process timeline and document checklist

* Please note that all creditable service purchases must be completed **before** your effective date of retirement, and some require that you be a member in service at the time of purchase.

If you have any questions about purchasing service, please contact our office.

As you will see on the application, you are asked to list all of your creditable service and provide your "best estimate" of your total number of years.

Please note that it is NOT necessary for you to request a "creditable service estimate" from the MTRS in order to complete your application. When we process your application, we will determine your exact amount of creditable service and notify you of the total before your benefit is finalized.

| When (in relation to your date of retirement) | Action | Your dates |
|--|---|--|
| One year before | <input type="checkbox"/> CONTACT your local health insurance coordinator to confirm the health insurance coverage for which you will qualify as a retiree. If you cover a spouse or other dependent, be sure to ask about dependent coverage while you are retired <i>and</i> in the event of your death. | <input type="text" value="/ /"/> |
| 7–8 months before | <input type="checkbox"/> GO to our website at mass.gov/mtrs , and select Members > Active members > Creditable service. Review all of the types of service listed and apply to purchase any that apply to you and for which you have not yet established credit. | <input type="text" value="/ /"/> |
| 6 months before | <input type="checkbox"/> GO to our website at mass.gov/mtrs , and, in the "Quick links to our most popular pages" menu, select "Apply for retirement." Follow the steps to estimate your benefits, review FAQ and download and print your retirement application. <input type="checkbox"/> If you have any pending creditable service purchases, request invoices from us and be sure to tell us that you are retiring.* | <input type="text" value="/ /"/> |
| 4–5 months before | <input type="checkbox"/> Complete Part 1 of the application and forward Part 2 to your payroll officer for completion. <input type="checkbox"/> Gather your required documents. ⚠ NOTE: If you do not submit the required documents with your application, your application will not be processed. <ul style="list-style-type: none"> <input type="checkbox"/> Photocopy of your marriage certificate (<i>if you no longer use your former or maiden name or if you are selecting Option C and naming your spouse as beneficiary</i>) <input type="checkbox"/> Your certified birth record** (<i>photocopy not accepted</i>) <input type="checkbox"/> Photocopy of your military discharge form DD214 (<i>if you are a veteran</i>) <input type="checkbox"/> Photocopy of your notice of termination (<i>if you are filing for an involuntary termination retirement allowance OR are retiring on a day other than the last day in your contract year</i>) <input type="checkbox"/> Photocopies of your contracts/salary schedules for your 3-year salary average period, including any pages referencing contractual language to substantiate any earnings in excess of your regular contract rates <input type="checkbox"/> A VOIDed check (<i>if your designated account for direct deposit is a checking account</i>) <input type="checkbox"/> Completed Option B beneficiary designation (<i>if you are selecting Option B</i>) <input type="checkbox"/> Your beneficiary's certified birth record** (<i>if you are selecting Option C; photocopy not accepted</i>) <input type="checkbox"/> Photocopy of your qualified Domestic Relations Order (<i>if you are divorced and have such an order in effect; please include your ex-spouse's current address</i>) ** Your original documents will be returned to you. | <input type="text" value="/ /"/> |
| 3–4 months before | <input type="checkbox"/> Receive signed Part 2 from your payroll officer. <input type="checkbox"/> Make a copy of Part 1, Part 2 and ALL attachments. <input type="checkbox"/> Submit your application and ALL attachments to MTRS. <i>We will acknowledge receipt of your application in writing.</i> <input type="checkbox"/> Make payment for any pending creditable service purchases.* | <input type="text" value="/ /"/> <input type="text" value="/ /"/> <input type="text" value="/ /"/> <input type="text" value="/ /"/> |
| <i>If you filed 4 months before your retirement date, about one month before</i> | <input type="checkbox"/> Receive Notice of Estimated Retirement Benefit (NERB) and first payment information from MTRS. | <input type="text" value="/ /"/> |
| Your date of retirement | | <input type="text" value="/ /"/> |
| Second full month after | <input type="checkbox"/> Receive first retirement allowance payment from the MTRS. | <input type="text" value="/ /"/> |

Appendix D

Part-time service: How it is credited and other notes

Pursuant to 807 CMR 3.04

MTRS Board recently changed how part-time service will be credited:

All part-time service rendered after July 9, 2010 will be prorated

The Board approved an amendment to the MTRS's creditable service regulation (807 CMR 3.04). Effective July 9, 2010, this amendment:

- mandates that the credit for all part-time service rendered after July 9, 2010, including kindergarten service, be prorated based on the percentage of full-time service it represents;
- removes the effect of a change in an employee's employment status (i.e., from part-time to full-time, or vice versa) on the crediting of his or her part-time service after July 9, 2010; and,
- provides a two-year "grandfather" period for members who elected to participate in RetirementPlus and who retire on or before July 1, 2012.

What this means for members who have worked— or are working—on a part-time basis

Part-time service rendered between November 9, 1990 and July 9, 2010 will continue to be credited as before: **either** as full-time service (if you did not undergo a status change during that period), **or** prorated based on the percentage of full-time service that it represents, if you went from part-time to full-time, or vice versa, during that period. In other words, the new regulation does not affect credit accrued prior to July 9, 2010.

Part-time service rendered on or after July 9, 2010 will be prorated based on the percentage of full-time service it represents, regardless of any changes in a member's employment status after that date. For example, if you render service on a half-time basis for the 2010–11 school year, you will receive 0.50 year of service credit for that year.

If you have always worked part-time, or if you teach kindergarten, be aware that, while you may currently be earning full-time credit for your part-time service, after July 9, 2010 your part time service credit will be prorated.

Whenever *prorated part-time service* is used in the calculation of a retiring member's benefit allowance, the MTRS will use the member's *full-time equivalent salary* to determine his or her final salary average. In other words, your service credit will be prorated, but your salary equivalent will not—you will not be "double-prorated" in the calculation of your retirement benefit.

An exception: Part-time service and eligibility for ordinary disability retirement. For the purpose of determining your eligibility for ordinary disability benefits, part-time service will count as full-time service for purposes of meeting the ten-year minimum service requirement, but not for purposes of determining your benefit amount.

Two-year "grandfather" period for RetirementPlus members

The crediting of part-time service for members who elected to participate in RetirementPlus and who retire on or before

July 1, 2012 is "grandfathered" in this regulation. For these members, part-time service rendered between July 9, 2010 and their date of retirement will be credited based on either the "old" creditable service regulation (which allows for full-time credit for eligible part-time service) or the "new" creditable service regulation, whichever results in the higher benefit to the member.

Why the regulation was amended

The regulation was changed to address a number of longstanding problems presented by the previous regulation for members and employers alike. In prorating all part-time service rendered after July 9, 2010, the regulation resolves the inconsistencies associated with the status change rule.

For example, under the previous regulation, a member who worked half-time for ten years would receive ten years of creditable service. However, if that same member had a status change from part-time to full-time in her eleventh year of service, her ten years of half-time service would no longer count as ten years, but would be prorated and only count as five years. Thus, a member could be vested in the retirement system at the end of one school year, and then not vested at the start of the next school year due to a status change. Under the amended regulation, status change is no longer relevant. Members who qualify for full-time credit for their part-time work rendered prior to the effective date of the new regulation, will retain that credit regardless of future status changes.

The bottom line:

The new regulation may result in an increased benefit for certain members with part-time service

Before adopting this regulation, the Board carefully analyzed the effect that the change would have on members with part-time service, especially those who might be retiring in the next few years. In reviewing numerous scenarios, the Board found that, because a retiring employee's part-time *service* is prorated, but his or her full-time *salary* equivalent is used in the calculation of the final salary average, most members with part-time service will not be financially harmed by this amendment—in fact, they may even see their benefit increase (as in the case of Karen Kindergarten, next page). Given this result, the Board approved the amendment.

If you have any questions about how your part-time service is credited, or how it affects the calculation of your retirement benefit, please contact us for assistance.

For more information, please visit our website at mass.gov/mtrs.

How part-time service is credited Pursuant to 807 CMR 3.04

If you have rendered any "membership" service on a part-time basis, please be aware that it is credited as follows:

| For part-time membership service rendered... | You will receive... |
|--|---|
| ■ On or before 11/9/1990 | Full-time credit |
| ■ Between 11/9/1990 and 7/9/2010 | <p>If your employment status during this period:</p> <ul style="list-style-type: none"> <input type="checkbox"/> did not change (i.e., you did not go from part-time to full-time, or vice versa), full-time credit <input type="checkbox"/> changed (i.e., you went from part-time to full-time, or vice versa, excepting kindergarten service), prorated credit based on the percentage of full-time service it represents (e.g., if you worked for one year on a half-time basis, you will receive 0.50 year of service credit for that year). |
| ■ On or after 7/9/2010* | Prorated credit based on the percentage of full-time service it represents, regardless of any change in your employment status (e.g., if you worked for one year on a half-time basis, you will receive 0.50 year of service credit for that year). |

* **EXCEPTION:** If you elected into RetirementPlus and retire on or before July 1, 2012, your part-time membership service between July 9, 2010 and your date of retirement will be credited pursuant to the creditable service regulation in effect either prior to, or on, July 9, 2010, whichever yields the higher benefit.

An example: Karen Kindergarten

For illustration purposes only; results may not be typical

A kindergarten teacher for her entire career, Karen has always worked on a half-time basis (50% of full-time). She is retiring at age 60 on June 30, 2012. Because she had opted into RetirementPlus and is retiring during the "grandfather" period, the MTRS will calculate her retirement benefit under both the "old" and "new" creditable service regulations.

| Benefit calculation components | "Old" regulation | "New" regulation |
|--|-------------------------------|------------------|
| Creditable service (all on a half-time basis) | | |
| 9/1/1982–6/30/2010 | 28 yrs | 28 yrs |
| 9/1/2010–6/30/2012 | Full-time equivalent 2 yrs | Prorated 1 yr |
| Total | 30 yrs | 29 yrs |

| | | |
|-----------------------|-----------------------------|----------------------------------|
| Salary average | | |
| 2009–2010 | Actual earnings \$34,000 | Actual earnings \$34,000 |
| 2010–2011 | Actual earnings \$35,000 | Full-time equivalent \$70,000 |
| 2011–2012 | Actual earnings \$36,000 | Full-time equivalent \$72,000 |
| Total | \$105,000 | \$176,000 |
| ÷ 3 years | ÷ 3 | ÷ 3 |
| Salary average | \$35,000 | \$58,667 |

| | | |
|-------------------------------|-----------------|-----------------|
| Benefit calculations | | |
| Age factor (age 60) | 0.020 | 0.20 |
| x Years of creditable service | x 30 | x 29 |
| % of salary average | 60% | 58% |
| + RetirementPlus percentage | + 12% | + 0% |
| Allowable % of salary average | 72% | 58% |
| x Salary average | x \$35,000 | x \$58,667 |
| Option A allowance | \$25,200 | \$34,027 |

Karen's benefit is higher under the "new" regulation, so she will receive that amount. Because she did not meet the 30-year creditable service requirement to retire under RetirementPlus, she will also receive a refund of her RetirementPlus contributions (equal to the difference between 11% and her contribution rate before 7/1/2001).

Additional notes...

Kindergarten teaching service

If you rendered any part-time membership service prior to July 9, 2010 as a kindergarten teacher, please note that that service is credited as full-time equivalent (FTE) service.

Sabbaticals and partially paid leaves of absence

All sabbatical leaves and partially paid leaves of absence are prorated based on the percentage of full-time salary you received (e.g., if you were on a full-year sabbatical at 50% salary, you will receive 0.50 year of service credit for that year).

Part-time nonmembership service

All part-time nonmembership service is prorated based on the percentage of full-time service that it represents. Additionally, all part-time service in the Boston Retirement System will be prorated.

Membership service and RetirementPlus

Membership service is service you acquire while working in a position eligible for membership in the MTRS during which you contribute directly to the MTRS via a payroll deduction by your school district. If you are participating in RetirementPlus, you must have 30 years of creditable service—at least 20 of which must be "membership" service with the MTRS or the Boston Retirement System as a teacher—in order to receive the enhanced benefit.

An exception: Part-time service and eligibility for ordinary disability retirement

For the purpose of determining your eligibility for ordinary disability benefits, part-time service will count as full-time service for purposes of meeting the ten-year minimum service requirement, but not for purposes of determining your benefit amount.

Appendix E

Choosing your retirement date

Summer birthdays, mid-year retirements and other considerations

Your retirement date affects not only the amount of your benefits, but when they become payable and when you become eligible to receive your first cost-of-living adjustment (COLA). For some members, choosing a retirement date is a simple decision; for others, it is a difficult and emotional choice. To choose the retirement date that is best for you—financially and personally—make sure that you understand how the formula works and the financial considerations involved.

Consider what these dates could mean for you...

| | |
|---|--|
| ■ June 30 | The majority of MTRS members retire on June 30, the date on which most contracts for teachers come to an end. Additionally, by regulation, MTRS members retiring at the end of the school year must use June 30 as their retirement date even if the last day of school is earlier in the month. This rule exists so that teachers not only complete their contractual obligations, but also receive full service and salary credit for the year for their retirement calculations. |
| ■ Your birthday* | <p>In July or August: If you're under age 65, it may be in your financial interest to retire on your birthday instead of June 30. On your birthday, your age factor will be higher, resulting in a greater retirement benefit for the rest of your life. Note, however, that you need to consider the amount of retirement benefits that you "give up" by postponing your retirement date until your birthday. Example: Joe Teacher will turn 61 on his birthday on August 2. If he retires on his birthday instead of June 30, he will "give up" the equivalent of one month and two days of retirement benefits that he would have received if he had retired on June 30. However, it is financially advantageous for Joe to wait until his birthday because he has determined that his retirement allowance will be sufficiently greater on that date—allowing him to recoup the retirement payments he "gave up" in a short period of time—and he will receive his increased benefit for the rest of his life.</p> <p>During the school year: To receive the benefit of a higher age factor, you may want to retire on your birthday during the school year—or at the end of the month in which your birthday occurs. The MTRS calculates creditable service based on full years and full months of employment. Accordingly, if your birthday is October 17, it would most likely be in your financial interest to work until the end of October and use October 31 as your retirement date; by using October 31, you will receive service credit for the full month.</p> |
| ■ Any date during the school year | If circumstances arise that cause you to decide to retire during the school year, please keep in mind that the MTRS calculates creditable service based on full years and full months of employment. Accordingly, it would most likely be in your financial interest to work until the end of a particular month, if possible, so that you receive service credit for the full month. Reminder: If you are on fully paid sick leave, you are accruing full service and salary credit toward retirement. |
| ■ After your separation from service | <p>Within 60 days of your separation from service: Your retirement date may be retroactive to your date of separation from service up to 60 days if you file your retirement application—along with a copy of your school district's written acceptance of your retroactive retirement date—within 60 days of your separation from service.</p> <p>More than 60 days after your separation from service: If you file your retirement application more than 60 days after your separation from service, your date of retirement cannot be retroactive—it may be no earlier than 15 days from the date that we receive your application. Example: Mary Educator resigns her teaching position on June 30, 2011 to explore another career. On February 1, 2012 she decides to retire from the MTRS. Her earliest retirement date is February 16, 2012.</p> |

...and understand what your date of retirement means regarding COLAs...

Reminder—
While annual COLAs have been granted in recent years, COLAs are subject to legislative approval every year, and are not guaranteed.

Eligibility for first COLA: You must be retired for a full fiscal year in order to receive your first cost-of-living adjustment (COLA), and fiscal years run from July 1 to June 30. Accordingly, if you retire on June 30, 2011, you will be eligible to receive your first COLA on July 1, 2012; if you retire just one month later, on July 30, 2011, you must wait until July 1, 2013—nearly two calendar years—to receive a COLA.

COLAs are cumulative: If they are granted, COLAs are added to your gross retirement allowance. For example, if your annual retirement allowance is \$40,000 and the COLA is \$360, your gross allowance becomes \$40,360. With the next year's COLA, your allowance increases to \$40,720; the following year it is \$41,400, and so on. In other words, that first \$360 "stays" in your allowance over the years. So if you retire on July 30 instead of June 30, you will not only "miss" that first COLA of \$360 in your first year of retirement, but every year thereafter. Over the course of 20 years, that could result in \$7,200 in "missed" COLAs; while this may not make enough of a difference for you to change your choice of retirement date, you should be aware of the effect this might have on your benefits.

Remember—we are here to help...

If you need more information about choosing your retirement date, our Member Services representatives in both offices are happy to assist you!

*Using a later birthday as a retirement date will **not** result in an increase in:

- **the age factor** used in the calculation of your retirement allowance if you are already at age 65 (the age factor does not increase after age 65); or,
- **your allowable percentage of salary average**, if, based on the current combination of your age and years of creditable service, you have already reached the maximum allowance of 80% of your three-year salary average.

Notes

[illegible]

Notes

[illegible]

Don't worry— We'll be here for you in retirement, too

After you retire, we will still be here to serve you—and we look forward to continuing our relationship with you for many years. Please know that, throughout your retirement, we will continue to have responsibilities to each other.

During your retirement, **YOU** need to:

- **CONTACT** the MTRS if you...
 - **change** your name, address or Social Security number
 - **lose** your retirement check
 - become **re-employed** by a Massachusetts public employer and exceed the time and earnings limitations
 - become **divorced**, and your retirement allowance is divided
 - want to **change** your withholding for federal taxes, retiree beneficiary designation (Option B only), or payment method (mailed check or direct deposit)
 - want to **participate** in the governance of the MTRS as an elected Board member
 - if you are receiving an ordinary or accidental disability retirement benefit, **begin to receive** Workers' Compensation benefits, or **have a change** in your Workers' Compensation benefits
- **COMPLETE** and **RETURN** your Benefit Verification form when we mail it to you, to confirm that you are still eligible to receive your benefit payment
- **ADVISE** your survivors to contact us in the event of your death

During your retirement, **WE** will:

- **pay** you a monthly retirement allowance;
- **forward** your health insurance payment, if applicable;
- pursuant to your instructions, **withhold** federal income tax from your benefit payment;
- in January of every year, **send** you a 1099-R tax form; and,
- **pay** a benefit to your survivor, if applicable.

Thank you for taking an active interest in your retirement benefit plan by attending our program today.

We hope that it has been informative and helpful!

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